



COMMONWEALTH of VIRGINIA

DEPARTMENT OF

MENTAL HEALTH, MENTAL RETARDATION AND SUBSTANCE ABUSE SERVICES

Post Office Box 1797

Richmond, Virginia 23218-1797

JAMES S. REINHARD, M.D.
COMMISSIONER

Telephone (804) 786-3921
Voice/TDD (804) 371-8977
www.dmhmrzas.state.va.us

May 22, 2006

Mr. Jason Cenicola
Senior Corporate Counsel
Kronos Incorporated
297 Billerica Road
Chelmsford, MA 01824

Dear Mr. Cenicola:

Re: Agreement #720C-03833-04M00

The above referenced contract provides for four (4) additional renewals of one-year duration. The Department wishes to confirm the renewal of the above referenced contract for a period of one (1) year. This renewal will cover the period July 1, 2006 through June 30, 2007. This renewal would be based on all terms and conditions of the original Agreement dated June 29, 2004, as amended to date.

Pricing for all hardware/software and all hardware/software support services purchased under this contract and any subsequent renewal period shall be fixed pricing for a period one (1) year. Pricing discount shall be thirty (30%) percent off most current published list price (May 19, 2006) as provided by Contractor. Prices for training and other implementation-related services will be obtained on a case-by-case basis upon evaluation of individual agency resources and infrastructure.

The Contractor agrees to honor any and all pricing under this agreement for maintenance to any DMHMRSAS facility currently having a KRONOS Time and Attendance system. This shall include renewal of any maintenance agreements currently held at DMHMRSAS facilities which may terminate or become renewable during the term of this contract. Maintenance pricing for subsequent renewal periods shall not exceed the contract price(s) of the previous contract increased/decreased by no more than the percentage increase/decrease of the "Other Services" category of the CPI-W section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve (12) months for which statistics are available at the time of each renewal. The Contractor agrees that any DMHMRSAS facility maintenance pricing that has been increased by the above CPI on Kronos hardware/software/licenses currently owned by any DMHMRSAS facility and that was purchased directly through Contractor and covered under an existing maintenance agreement shall not exceed the Contractor's current published maintenance pricing. Support service options are set forth in Appendix A, attached hereto and incorporated by reference herein.

In addition, the Contracting Agency has approved the Contractor's request for increase of maintenance/support rates at time of renewal at each DMHMRSAS facility contracted with Kronos for maintenance. Maintenance contract price for the additional one year period shall not exceed the contract price(s) of the previous contract period at each facility increased/decreased by no more than the percentage increase/decrease of the "Other Services" category of the CPI-W section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve (12) months for which statistics are available at the time of each renewal.

As an authorized official(s) of Kronos Incorporated, I herewith agree and accept the renewal of the above referenced contract in accordance with the terms and conditions herein and in full accordance with the original Agreement dated June 29, 2004, as amended to date.

Kronos Incorporated

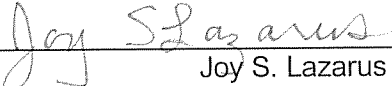
By: 
Signature

By: _____
Print Name: **Alyce Moore**
Vice President, General Counsel

Title: _____

Date: 5/31/06

**Department of Mental Health, Mental Retardation
And Substance Abuse Services**

By: 
Joy S. Lazarus
Director – Office of Administrative Services

Date: 6/2/06